

**Before the
Federal Communications Commission
Washington, D.C. 20554**

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| In the Matter of |) | |
| |) | |
| Numbering Resource Optimization; |) | CC Docket No. 99-200 |
| |) | |
| Implementation of the Local Competition |) | CC Docket No. 96-98 |
| Provisions of the |) | |
| Telecommunications Act of 1996; |) | |
| |) | |
| Telephone Number Portability |) | CC Docket No. 95-116 |

Reply Comments of CenturyTel, Inc.

CenturyTel, Inc. (“CenturyTel”), through its attorneys, hereby offers the following Reply Comments on the Second Further Notice of Proposed Rulemaking (“*Further Notice*”) that was issued in the above-captioned proceedings released on March 14, 2002.¹

I. INTRODUCTION AND BACKGROUND

In 1997, the Commission required all local exchange carriers to provide a long-term database method for number portability in the largest 100 Metropolitan Statistical Areas (“MSAs”) by December 31, 1998, in switches for which another carrier has made a specific request for the provision of local number portability (“LNP”).² In a December 2001 order -- without explanation or an opportunity for public comment, the Commission concluded that the

¹ *In the Matter of Numbering Resource Optimization; Implementation of the Local Competition Provisions of the Telecommunications Act of 1996; Telephone Number Portability*, Third Order on Reconsideration in CC Docket No. 99-200, Third Further Notice of Proposed Rulemaking in CC Docket No. 99-200, and Second Further Notice of Proposed Rulemaking in CC Docket No. 95-116, FCC 02-73 (rel. Mar. 14, 2002) (“*Further Notice*”).

² *In the Matter of Telephone Number Portability*, First Memorandum Opinion and Order on Reconsideration, 12 FCC Rcd 7236, 7272, ¶ 59 (1997) (“*First MO&O*”).

LNP and pooling requirements extend to all carriers in the largest 100 MSAs, regardless of whether they have received a specific request to provide LNP from another carrier.³

On March 14, 2002, the Commission reversed its clarification that the LNP and thousand-block number pooling requirements extend to all carriers within the largest 100 MSAs. In the same order, the Commission sought comment on whether it should again extend the LNP and thousands-block number pooling requirements to all carriers in the largest 100 MSAs, regardless of whether they receive a request to provide LNP.⁴ The Commission specifically seeks comment on whether certain small carriers that have switches in the largest 100 MSAs or in areas adjoining the largest 100 MSAs should be exempt from the LNP requirement because they are not likely to receive such a request.⁵ Several parties filed comments in response to the *Further Notice*. As an operator of rural telephone companies providing local exchange service to predominantly rural areas in only about a dozen of the largest 100 MSAs, CenturyTel urges the Commission to retain its current rule limiting the deployment of LNP in the largest MSAs to switches where the company has received a bona fide LNP request.

CenturyTel, headquartered in Monroe, Louisiana, is a leading provider of integrated communications services to rural markets. CenturyTel provides a variety of high-quality communications services to customers in rural communities in 21 states, including local exchange and advanced services, long distance, security monitoring, information services, and broadband and dial-up Internet access. Overall, CenturyTel's rural telephone companies provide local exchange telephone service to 1.8 million access lines, but approximately half of its

³ *In the Matter of Numbering Resource Optimization, Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Telephone Number Portability*, Third Report and Order and Second Order on Reconsideration in CC Docket No. 99-200, FCC 01-362 (rel. Dec. 28, 2001).

⁴ *Further Notice*, at ¶ 5.

exchanges have fewer than 1,000 access lines each. Very few of its exchanges have greater than 10,000 access lines. All of CenturyTel's operating companies meet the statutory definition of a "rural telephone company."⁶

II. DISCUSSION

A. **The Commission should retain its current rule limiting the deployment of LNP in the largest 100 MSAs to switches where a competing carrier has made a specific LNP request.**

Section 52.23(b)(1) of the Commission's rules requires that all local exchange carriers provide a long-term database method for number portability in the largest 100 MSAs by December 31, 1998 "in switches for which another carrier has made a specific request for the provision of number portability."⁷ In 1997 when the Commission adopted the initial LNP deployment schedule, it aptly limited the LNP requirement in the largest MSAs to switches where a competing carrier has made an LNP request, in an attempt to focus the industry's efforts on implementing number portability in markets where competing carriers were likely to enter soon.⁸ The Commission reasoned that such a rule would "avoid expenditures in areas within an MSA in which competitors are not currently interested."⁹ CenturyTel urges the Commission to retain its current rule because it appropriately balances the important policies and rationale supporting local number portability without requiring carriers to needlessly expend significant resources to deploy LNP in areas where competitors have not requested portability.

⁵ *Id.* at ¶ 8.

⁶ 47 U.S.C. § 153 (37).

⁷ 47 C.F.R. § 52.23(b)(1).

⁸ *First MO&O*, 12 FCC Rcd 7236, 7272, ¶ 59 (1997).

⁹ *Id.*

Commenters that support extending the LNP requirement to all carriers with switches in the top 100 MSAs argue that such deployment will increase local competition and customer choice.¹⁰ As Iowa Telecommunications noted in its comments,¹¹ however, “competition does not result simply because an incumbent carrier offers number portability.” Number portability is merely one of several factors a competitor considers before entering a particular market, such as profitability, cost of business, number of existing competitors, and customer loyalty. Worldcom’s “build it and they will come” philosophy fails to acknowledge that, even if LNP were deployed, some carriers nevertheless would decline to enter the market for reasons unrelated to portability. CenturyTel asserts that implementing LNP prior to a request does nothing to remove barriers to competitive entry, and imposes costs not justified by any public benefit.

Commenters also urge the Commission to extend the LNP requirement to all carriers because it assists in number conservation initiatives and gives rural customers the option of porting their numbers to other carriers.¹² The deployment of LNP, however, only supports the conservation of numbers and rural competition to the extent that there are competitors requesting that numbers be ported. In markets where there have been no requests for LNP, the shortage of

¹⁰ Michigan Public Service Commission Comments at 3; Worldcom at 1-2.

¹¹ Iowa Telecommunications Services, Inc. at 6.

¹² Michigan Public Service Commission Comments at 3-4. The Michigan Public Service Commission states that, “although the Michigan law was instituted to foster customer choice and enhance carrier competition, the current and potential benefits of *statewide wireline local number portability* provide Michigan carriers the opportunity to participate in number conservation efforts.” *Id.* at 3. CenturyTel notes that the Federal Communications Commission -- not the states -- has jurisdiction to determine which classes of carriers must provide local number portability. Thus, if the FCC determines that carriers in the largest MSAs are not required to provide LNP until they receive a request from a competing carriers, state commissions may not impose different requirements. Similarly, if the FCC concludes in this proceeding that rural and mid-sized carriers in the largest MSAs are exempt from the LNP requirement, state commissions must abide by such federal determinations. 47 U.S.C. § 251(b)(2); *In the Matter of Telephone Number Portability*, First

numbers cannot be attributed to carriers' failure to transfer unused numbers among themselves. In some cases, there simply are no other carriers in the market to which customers can port their numbers. Thus, CenturyTel believes that LNP is only useful as a number conservation tool in markets where carriers have received requests to port numbers.

B. Requiring LNP deployment in the largest 100 MSAs absent a specific request triggers premature and unnecessary costs.

Commenters that support extending the LNP requirement to all carriers in the top 100 MSAs fail to consider the significant costs associated with deploying number portability capabilities, particularly if such capabilities are never used by the customers or a competitor. Because CenturyTel has not received an LNP request in the majority of its markets in the largest 100 MSAs, such a rule would require it to expend significant resources and add another line-item charge on its bills with no corresponding benefit to its customers.

CenturyTel provides local exchange service in 13 of the largest 100 MSAs. The company serves predominantly rural markets located on the fringes of these MSAs. The number of access lines served by CenturyTel in these markets ranges from 9,137 to 172,149. Of those 13 MSAs, only four have companies that are porting numbers in their markets.

Implementing LNP will require CenturyTel to significantly upgrade its switches in the 9 MSAs in the top 100 markets in which it has not yet deployed LNP. Although the cost of implementing LNP varies depending upon the type of switch used, CenturyTel, for example, spent approximately \$90,000 on software alone to make LNP available in Gig Harbor, Washington last year. This expenditure does not include the cost of upgrading the network to

Report and Order and Further Notice of Proposed Rulemaking, 11 FCC Rcd 8352, 8370-71, ¶¶ 36-37 (1996).

perform the database dips required to route calls to ported numbers. It also does not include the cost of performing the database dips, which must be outsourced to a third party provider.

CenturyTel also notes that deploying LNP requires much more than simply installing a switch and activating service. Companies face serious and often costly back-office implementation issues that must be addressed early during the process in order to provide quality service, to properly answer customer questions, and to issue accurate bills. LNP is a tariffed service that necessitates federal tariff modifications. In addition, to implement the charge, proper billing codes have to be established and integrated into company tariff and billing systems to be used on all customer accounts. User-friendly bill messages must be developed and sent to customers in a timely manner explaining LNP and the recovery charge, as many customers will be unfamiliar with LNP. Customer service representatives require advanced training to respond to customer questions. Indeed, customers who do not wish to or cannot have their numbers ported will question why they are being charged for LNP recovery. Such implementation requires time and other internal business resources that could be substantial for companies serving rural markets with small customer bases.

CenturyTel opposes the adoption of any rule that would require it to deploy LNP in markets where it has not received a specific request. To implement LNP where no request has been made is not in the public interest, does not increase competition, and would require CenturyTel to divert resources from other important business plans to the possible detriment of its customers. For example, following the acquisition of high-cost exchanges from larger carriers, the company typically has to expend significant resources to provide customers improvements in local internet access, local exchange service, long distance, and information services. In addition, deployment of advanced services in rural markets is a key operational goal

of CenturyTel. The diversion of resources from these important operational plans to implement LNP in areas in which CenturyTel has not received an LNP request will negatively impact customers with no corresponding benefit.

The Commission permits carriers to pass on to their customers costs related to implementing number portability through a monthly LNP charge for no longer than a five year period. Thus, the customers of carriers that have not received an LNP request must bear a new end-user charge for a five-year period for a service that the customer or a competing carrier may never use or want to use. Competing carriers entering rural markets typically seek out a small number of business customers in the market. If the competing carrier makes an LNP request, an LNP recovery charge is then triggered for all customers in that market -- even though the competitor likely will never seek to offer service to the majority of the residential customers. The Commission should resist imposing this type of unnecessary cost burden on customers.

C. At a minimum, rural and two percent carriers in the largest 100 MSAs should be exempt from deploying LNP until they receive a specific LNP request.

As Iowa Telecommunications suggested in its comments, at a minimum, rural and 2 percent carriers in the largest MSAs should be exempt from any LNP requirement until a competing carrier requests LNP.¹³ In previous number portability proceedings, small and rural carriers raised concerns that an LNP requirement would require them to “upgrade their networks at significant expense even if no competitors desire portability.”¹⁴ When it set forth the implementation schedule for number portability, the Commission specifically noted that limiting the LNP requirement to carriers receiving an LNP request would address the concerns raised by

¹³ Iowa Telecommunications Services, Inc. at 14.

¹⁴ *First MO&O*, 12 FCC Rcd at 7272, ¶ 59.

the small and rural LECs.¹⁵ If, however, the Commission adopts an LNP requirement in the largest 100 MSAs, it should exempt rural and two percent carriers from such a blanket requirement. Rural and two percent carriers that provide service in the top 100 MSAs typically serve a small number of customers; therefore, the cost of providing LNP relative to the number of access lines served places a significant financial burden on rural and two percent carriers, particularly where no competitor desires portability. Rather, rural and two percent carriers that have switches in the largest 100 MSAs should be required to deploy LNP only if a competing carrier has made an LNP request.

III. CONCLUSION

For the reasons above, CenturyTel urges the Commission to retain its current rule, which limits the deployment of LNP in the largest 100 MSAs to switches where a competing carrier has made a specific LNP request. To require all carriers to deploy LNP absent a specific request would pose an undue cost burden on rural telephone companies and their customers with little resulting customer benefit.

Respectfully submitted,
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May 20, 2002

¹⁵ *Id.* at 7301-02 ¶ 113-14.

